

106TH CONGRESS  
1ST SESSION

# S. 1746

To authorize negotiation of a free trade agreement with the Republic of Turkey, to provide authority for the implementation of the agreement, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 18, 1999

Mr. MOYNIHAN introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To authorize negotiation of a free trade agreement with the Republic of Turkey, to provide authority for the implementation of the agreement, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “United States-Turkey  
5       Free Trade Agreement Act of 1999”.

6       **SEC. 2. FINDINGS.**

7       Congress makes the following findings:

8               (1) The Republic of Turkey (in this Act re-  
9       ferred to as “Turkey”) has played an important

1 strategic, political, and economic role in Europe,  
2 Asia, and the Middle East since its founding in  
3 1923 by Mustafa Kemal “Ataturk” following the  
4 collapse of the 600-year Ottoman Empire.

5 (2) The friendship shared between the United  
6 States and Turkey dates to the late 18th century  
7 and was consecrated by the Treaty of Commerce and  
8 Navigation between the United States and the Otto-  
9 man Empire in 1830.

10 (3) The United States reaffirmed its relation-  
11 ship with Turkey by entering into the Treaty of  
12 Commerce and Navigation of 1929.

13 (4) The United States and Turkey have subse-  
14 quently entered into over 60 treaties, memoranda of  
15 understanding, and other agreements on a broad  
16 range of issues, including a bilateral investment  
17 treaty (1986), a bilateral tax treaty (1998), and a  
18 trade and investment framework agreement (1999),  
19 as evidence of their strong friendship.

20 (5) Turkey is located in the strategic corridor  
21 between Europe and Asia, bordering the Black Sea  
22 and the Mediterranean Sea.

23 (6) Turkey has been a strategic partner of the  
24 United States since it joined the allies at the end of  
25 World War II.

1           (7) The strategic alliance between Turkey and  
2 the United States was cemented by—

3               (A) the agreement of July 12, 1947 imple-  
4 menting the Truman doctrine;

5               (B) Turkey's membership in the North At-  
6 lantic Treaty Organization (NATO) in 1952;  
7 and

8               (C) the United States-Turkey Agreement  
9 for Cooperation on Defense and Economy of  
10 1980.

11           (8) Turkey is also an important industrialized  
12 economy and was a founding member of the Organi-  
13 zation for Economic Cooperation and Development  
14 (OECD) and the United Nations.

15           (9) Turkey has made significant progress since  
16 the 1980's in liberalizing its economy and inte-  
17 grating with the global economy.

18           (10) Turkey has joined other nations in advo-  
19 cating an open trading system through its member-  
20 ship in the General Agreement on Tariffs and Trade  
21 and the World Trade Organization.

22           (11) Despite the deep friendship between the  
23 United States and Turkey, their trading relationship  
24 remains small.

1           (12) In 1998, United States merchandise ex-  
2           ports to Turkey reached \$3,500,000,000.

3           (13) In 1998, United States imports from Tur-  
4           key totaled \$2,500,000,000 or less than 0.3 percent  
5           of United States total imports.

6           (14) A free trade agreement between the  
7           United States and Turkey would greatly benefit both  
8           the United States and Turkey by expanding their  
9           commercial ties.

10 **SEC. 3. NEGOTIATING OBJECTIVES FOR A UNITED STATES-**  
11 **TURKEY FREE TRADE AGREEMENT.**

12           The overall trade negotiating objectives of the United  
13           States with respect to a United States-Turkey Free Trade  
14           Agreement are to obtain—

15           (1) more open, equitable, and reciprocal market  
16           access between the United States and Turkey; and

17           (2) the reduction or elimination of barriers and  
18           other trade-distorting policies and practices that in-  
19           hibit trade between the United States and Turkey.

20 **SEC. 4. NEGOTIATION OF A UNITED STATES-TURKEY FREE**  
21 **TRADE AGREEMENT.**

22           (a) IN GENERAL.—Subject to sections 5 and 6, the  
23           President is authorized to enter into an agreement de-  
24           scribed in subsection (c). The provisions of section 151(c)  
25           of the Trade Act of 1974 (19 U.S.C. 2191(c)) shall apply

1 with respect to a bill to implement such agreement if such  
2 agreement is entered into on or before December 31,  
3 2005.

4 (b) TARIFF PROCLAMATION AUTHORITY.—

5 (1) IN GENERAL.—The President is authorized  
6 to proclaim—

7 (A) such modification or continuation of  
8 any existing duty,

9 (B) such continuance of existing duty-free  
10 or excise treatment, or

11 (C) such additional duties

12 as the President determines to be required or appro-  
13 priate to carry out the trade agreement described in  
14 subsection (c).

15 (2) LIMITATIONS.—No proclamation may be  
16 made under paragraph (1) that—

17 (A) reduces any rate of duty (other than a  
18 rate of duty that does not exceed 5 percent ad  
19 valorem on the date of enactment of this Act)  
20 to a rate which is less than 50 percent of the  
21 rate of such duty that applies on such date of  
22 enactment;

23 (B) provides for a reduction of duty on an  
24 article to take effect on a date that is more  
25 than 10 years after the first reduction that is

1           proclaimed to carry out a trade agreement with  
2           respect to such article; or

3           (C) increases any rate of duty above the  
4           rate that applied on the date of enactment of  
5           this Act.

6           (3) AGGREGATE REDUCTION; EXEMPTION FROM  
7           STAGING.—

8           (A) AGGREGATE REDUCTION.—Except as  
9           provided in subparagraph (B), the aggregate re-  
10          duction in the rate of duty on any article which  
11          is in effect on any day pursuant to a trade  
12          agreement entered into under paragraph (1)  
13          shall not exceed the aggregate reduction which  
14          would have been in effect on such day if—

15               (i) a reduction of 3 percent ad valo-  
16               rem or a reduction of one-tenth of the total  
17               reduction, whichever is greater, had taken  
18               effect on the effective date of the first re-  
19               duction proclaimed under paragraph (1) to  
20               carry out such agreement with respect to  
21               such article; and

22               (ii) a reduction equal to the amount  
23               applicable under clause (i) had taken effect  
24               at 1-year intervals after the effective date  
25               of such first reduction.

1 (B) EXEMPTION FROM STAGING.—No  
 2 staging under subparagraph (A) is required  
 3 with respect to a rate reduction that is pro-  
 4 claimed under paragraph (1) for an article of a  
 5 kind that is not produced in the United States.  
 6 The United States International Trade Com-  
 7 mission shall advise the President of the iden-  
 8 tity of articles that may be exempted from stag-  
 9 ing under this subparagraph.

10 (4) ROUNDING.—If the President determines  
 11 that such action will simplify the computation of re-  
 12 ductions under paragraph (3), the President may  
 13 round an annual reduction by the lesser of—

14 (A) the difference between the reduction  
 15 without regard to this paragraph and the next  
 16 lower whole number; or

17 (B) one-half of 1 percent ad valorem.

18 (5) OTHER LIMITATIONS.—A rate of duty re-  
 19 duction or increase that may not be proclaimed by  
 20 reason of paragraph (2) may take effect only if a  
 21 provision authorizing such reduction or increase is  
 22 included within an implementing bill provided for  
 23 under section 6(c) and that bill is enacted into law.

24 (c) AGREEMENT DESCRIBED.—An agreement de-  
 25 scribed in this subsection means a bilateral agreement be-

1 tween the United States and Turkey that provides for the  
 2 reduction and ultimate elimination of tariffs and nontariff  
 3 barriers to trade and the eventual establishment of a free  
 4 trade agreement between the United States and Turkey.

5 **SEC. 5. CONSULTATIONS WITH CONGRESS ON NEGOTIA-**  
 6 **TIONS OF A UNITED STATES-TURKEY FREE**  
 7 **TRADE AGREEMENT.**

8 Before entering into any trade agreement under sec-  
 9 tion 4 (including immediately before initialing an agree-  
 10 ment), the President shall consult closely and on a timely  
 11 basis on the nature of the agreement and the extent to  
 12 which it will achieve the purposes of this Act with—

13 (1) the Committee on Ways and Means of the  
 14 House of Representatives and the Committee on Fi-  
 15 nance of the Senate;

16 (2) the congressional advisers for trade policy  
 17 and negotiations appointed under section 161 of the  
 18 Trade Act of 1974 (19 U.S.C. 2211); and

19 (3) each other committee of the House of Rep-  
 20 resentatives and the Senate, and each joint com-  
 21 mittee of Congress, which has jurisdiction over legis-  
 22 lation involving subject matters that would be af-  
 23 fected by the trade agreement.



1 **SEC. 6. IMPLEMENTATION OF UNITED STATES-TURKEY**  
2 **FREE TRADE AGREEMENT.**

3 (a) NOTIFICATION AND SUBMISSION.—Any agree-  
4 ment entered into under section 4 shall enter into force  
5 with respect to the United States if (and only if)—

6 (1) the President, at least 60 calendar days be-  
7 fore the day on which the President enters into the  
8 trade agreement, notifies the House of Representa-  
9 tives and the Senate of the President's intention to  
10 enter into the agreement, and promptly thereafter  
11 publishes notice of such intention in the Federal  
12 Register;

13 (2) within 60 calendar days after entering into  
14 the agreement, the President submits to Congress a  
15 description of those changes to existing laws that the  
16 President considers would be required in order to  
17 bring the United States into compliance with the  
18 agreement;

19 (3) after entering into the agreement, the Presi-  
20 dent submits a copy of the final legal text of the  
21 agreement, together with—

22 (A) a draft of an implementing bill de-  
23 scribed in subsection (c);

24 (B) a statement of any administrative ac-  
25 tion proposed to implement the trade agree-  
26 ment; and

1 (C) the supporting information described  
2 in subsection (b); and

3 (4) the implementing bill is enacted into law.

4 (b) SUPPORTING INFORMATION.—The supporting in-  
5 formation required under subsection (a)(3)(C) consists  
6 of—

7 (1) an explanation as to how the implementing  
8 bill and proposed administrative action will change  
9 or affect existing law; and

10 (2) a statement—

11 (A) asserting that the agreement makes  
12 progress in achieving the objectives of this Act;  
13 and

14 (B) setting forth the reasons of the Presi-  
15 dent regarding—

16 (i) how and to what extent the agree-  
17 ment makes progress in achieving the ob-  
18 jectives referred to in subparagraph (A);

19 (ii) whether and how the agreement  
20 changes provisions of an agreement pre-  
21 viously negotiated;

22 (iii) how the agreement serves the in-  
23 terests of United States commerce; and

24 (iv) any proposed administrative ac-  
25 tion.

1       (c) **BILLS QUALIFYING FOR TRADE AGREEMENT AP-**  
2 **PROVAL PROCEDURES.**—The provisions of section 151 of  
3 the Trade Act of 1974 apply to an implementing bill sub-  
4 mitted pursuant to subsection (b) that contains only—

5           (1) provisions that approve a trade agreement  
6 entered into under section 4 that achieves the nego-  
7 tiating objectives set forth in section 3 and the  
8 statement of administrative action (if any) proposed  
9 to implement such trade agreement;

10          (2) provisions that are—

11           (A) necessary to implement such agree-  
12 ment; or

13           (B) otherwise related to the implementa-  
14 tion, enforcement, and adjustment to the effects  
15 of such trade agreement; and

16          (3) provisions necessary for purposes of com-  
17 plying with section 252 of the Balanced Budget and  
18 Emergency Deficit Control Act of 1985 in imple-  
19 menting the applicable trade agreement.

20 **SEC. 7. CONSIDERATION OF IMPLEMENTING BILL.**

21       (a) **CONGRESSIONAL CONSIDERATION OF IMPLE-**  
22 **MENTING BILL.**—When the President submits to Con-  
23 gress a bill to implement the trade agreement as described  
24 in section 6(c), the bill shall be introduced and considered

1 pursuant to the provisions of section 151 of the Trade Act  
2 of 1974 (19 U.S.C. 2191).

3 (b) CONFORMING AMENDMENTS.—Section 151 of the  
4 Trade Act of 1974 (19 U.S.C. 2191) is amended—

5 (1) in subsection (b)(1), by inserting “section 6  
6 of the United States-Turkey Free Trade Agreement  
7 Act of 1999” after “the Omnibus Trade and Com-  
8 petitiveness Act of 1988,”; and

9 (2) in subsection (c)(1), by inserting “or under  
10 section 6 of the United States-Turkey Free Trade  
11 Agreement Act of 1999,” after “the Uruguay Round  
12 Agreements Act,”.

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